

# HOUSE BILL No. 1322

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3-2-22; IC 6-3.1-34.

**Synopsis:** Tax credit for school curricular materials. Provides a refundable income tax credit for an unreimbursed curricular materials expenditure made by a taxpayer for an eligible dependent who is enrolled in a public school or a private school or who receives solely home based instruction. Provides that the maximum credit amount is \$150 per child. Removes curricular material expenditures from the calculation of the adjusted gross income tax deduction for unreimbursed education expenditures at a private school. Specifies that a taxpayer may not claim both the deduction and the credit for the same expenditure.

**Effective:** January 1, 2016.

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## Ubelhor, Heaton, Arnold L

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January 13, 2015, read first time and referred to Committee on Ways and Means.

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First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## HOUSE BILL No. 1322

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1       SECTION 1. IC 6-3-2-22, AS AMENDED BY P.L.229-2011,  
2       SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2016]: Sec. 22. (a) The following definitions apply  
4       throughout this section:  
5       (1) "Dependent child" means an individual who:  
6       (A) is eligible to receive a free elementary or high school  
7       education in an Indiana school corporation;  
8       (B) qualifies as a dependent (as defined in Section 152 of the  
9       Internal Revenue Code) of the taxpayer; and  
10      (C) is the natural or adopted child of the taxpayer or, if custody  
11      of the child has been awarded in a court proceeding to  
12      someone other than the mother or father, the court appointed  
13      guardian or custodian of the child.  
14      If the parents of a child are divorced, the term refers to the parent  
15      who is eligible to take the exemption for the child under Section



151 of the Internal Revenue Code.

(2) "Education expenditure" refers to any expenditures made in connection with enrollment, attendance, or participation of the taxpayer's dependent child in a private elementary or high school education program. The term includes tuition, fees, computer software, ~~textbooks, workbooks, curricula~~, school supplies (other than personal computers), and other written materials used primarily for academic instruction or for academic tutoring, or both.

(3) "Private elementary or high school education program" means attendance at:

(A) a nonpublic school (as defined in IC 20-18-2-12); or

(B) an accredited nonpublic school;

in Indiana that satisfies a child's obligation under IC 20-33-2 for compulsory attendance at a school. The term does not include the delivery of instructional service in a home setting to a dependent child who is enrolled in a school corporation or a charter school.

~~(b) This section applies to taxable years beginning after December 31, 2010.~~

~~(c)~~ (b) A taxpayer who makes an unreimbursed education expenditure during the taxpayer's taxable year is entitled to a deduction against the taxpayer's adjusted gross income in the taxable year.

~~(d)~~ (c) The amount of the deduction is:

(1) one thousand dollars (\$1,000); multiplied by

(2) the number of the taxpayer's dependent children for whom the taxpayer made education expenditures in the taxable year.

A husband and wife are entitled to only one (1) deduction under this section. **A taxpayer who claims the income tax credit for a curricular material expenditure under IC 6-3.1-34 is not entitled to a deduction under this section based on the same expenditure.**

~~(e)~~ (d) To receive the deduction provided by this section, a taxpayer must claim the deduction on the taxpayer's annual state tax return or returns in the manner prescribed by the department.

SECTION 2. IC 6-3.1-34 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016]:

**Chapter 34. Tax Credit for Curricular Material Expenditures**

**Sec. 1. This chapter applies to taxable years beginning after December 31, 2015.**

**Sec. 2. As used in this chapter, "curricular materials" has the meaning set forth in IC 20-18-2-2.7.**

**Sec. 3. As used in this chapter, "eligible dependent" means an**



individual who:

- (1) is eligible to receive a free elementary or high school education in an Indiana school corporation;
- (2) is enrolled in any grade from kindergarten through grade 12 in a public school (as defined in IC 20-18-2-15) or a private school, or is provided solely home based instruction for kindergarten through grade 12;
- (3) qualifies as a dependent (as defined in Section 152 of the Internal Revenue Code) of the taxpayer; and
- (4) is the natural or adopted child of the taxpayer or, if custody of the child has been awarded in a court proceeding to someone other than the mother or father, the court appointed guardian or custodian of the child. If the parents of a child are divorced, the term refers to the parent who is eligible to take the exemption for the child under Section 151 of the Internal Revenue Code.

Sec. 4. "Private school" means attendance at:

- (1) a nonpublic school (as defined in IC 20-18-2-12); or
- (2) a nonpublic school that has voluntarily become accredited under IC 20-19-2-8;

in Indiana that satisfies a child's obligation under IC 20-33-2 for compulsory attendance at a school.

Sec. 5. For the purposes of this chapter, "qualified expenditure" refers to any unreimbursed expenditure for required curricular materials that is made in connection with:

- (1) enrollment, attendance, or participation of the taxpayer's eligible dependent in a public school or a private school; or
- (2) a taxpayer's eligible dependent who receives solely home based instruction.

Sec. 6. (a) A taxpayer who makes a qualified expenditure is entitled to a credit against the adjusted gross income tax imposed on the taxpayer by IC 6-3 for the taxable year during which the taxpayer makes the qualified expenditure.

(b) The amount of the credit is based on the taxpayer's qualified expenditures for each eligible dependent and the number of eligible dependents. The amount of the credit for each eligible dependent is the lesser of:

- (1) the amount of the taxpayer's qualified expenditure for the eligible dependent; or
- (2) one hundred fifty dollars (\$150).

A husband and wife are entitled to only one (1) credit under this chapter.



1       (c) A taxpayer who claims the income tax deduction for an  
2 unreimbursed education expenditure under IC 6-3-2-22 is not  
3 entitled to a credit under this chapter based on the same  
4 expenditure.

5       Sec. 7. If the amount of the credit provided by this chapter to a  
6 taxpayer for a particular taxable year for all eligible dependents  
7 exceeds the sum of the taxes imposed on the taxpayer by IC 6-3 for  
8 the taxable year after the application of all credits that, under  
9 IC 6-3.1-1-2, are to be applied before the credit provided by this  
10 chapter, the excess shall be returned to the taxpayer as a refund.

11       Sec. 8. (a) A taxpayer claiming a credit under this chapter must  
12 claim the credit on the taxpayer's annual state tax return or  
13 returns in the manner prescribed by the department.

14       (b) The taxpayer shall submit to the department all information  
15 that the department determines is necessary for the calculation of  
16 the credit provided by this chapter and the determination of  
17 whether the credit is properly claimed.

